

City Of Houston
General Services Department
P.O. Box 61189
Houston, TX 77208-1189

REQUEST FOR PROPOSALS

**Design, Build and Operate
a 10 MW Solar Facility**

**PROPOSAL MUST BE RECEIVED
BEFORE:**

2:00 p.m., November 03, 2008

1. RFP General Information

1.1. Background

The City has two goals in issuing this solicitation for the development of a solar energy facility. First, the City would like to diversify its exposure to natural gas prices in ERCOT by diversifying the type of fuel resources that are utilized to serve the City's retail electricity requirements. Secondly, the City is committed to taking steps that will result in cleaner air for the citizens of Houston and fellow Texans.

The City of Houston ("The City") is currently under a long-term retail electricity supply contract with the Texas General Land Office ("GLO"). Through this contract, the City has the contractual right to purchase energy from the wholesale market for serving its retail electricity requirements.

In March of this year, Houston was named one of 25 "Solar Cities" by the Department of Energy. One of the central goals of the program was the development of a comprehensive city-government approach to solar implementation involving key stakeholders, utilities, and private partners. This proposal is a key component of the City's effort to achieve this objective.

1.2. RFP Summary Requirement

The City is issuing this RFP to solicit Proposals from firms that are financially and technically qualified and properly licensed to design, build, operate and maintain a 10 MW Solar generation facility on property owned by the City. There are a number of potential sites, the most viable of which is the City's decommissioned Sunnyside Landfill site upon which an environmental assessment has recently been completed. Copies of this report will be made available to those firms seeking to develop a proposal at this location. The City also owns adequate land to accommodate a utility scale solar installation "behind the meter" at the George Bush Intercontinental Airport and East Water Treatment facility. The scope of services will be limited to those described above as well as entering into a twenty year power sales agreement with the City or its designee for one hundred percent of the electricity produced by the facility. The winning firm will also enter into a lease with the City for the location ultimately selected for a term commensurate with the duration of the power sales agreement.

1.3. Eligible Solar Energy Resource Proposers

Eligible Sources of solar energy and associated RECs are required to be registered as renewable energy sources as defined in §25.173(n) of the Substantive Rules of the Public Utility Commission of Texas and the Proposer should also be registered in the ERCOT REC Trading Program.

Proposers will be required to demonstrate to the City construction and commissioning timelines which satisfy the desired timelines set out in this RFP, and must demonstrate proven development and operating experience, financial capability and technical expertise to bring the proposed Project to completion within the timeframe proposed in the RFP response.

Proposers that are engaged in wholesale power/REC markets will be required to demonstrate to the City, corporate/financial capability and operational experience in the ERCOT electricity and/or REC markets, and have entered into appropriate offtake arrangements to satisfy the terms of the response.

Proposers are responsible for having or obtaining all necessary permits, licenses, and approvals associated with their Proposals. Major changes to price, terms and conditions from original submissions that are adverse to the City may be considered grounds for disqualification of the Proposal.

1.4 Credit Requirements

For Proposers that are rated by at least one rating agency, credit can be provided by a guarantee of performance from the entity that maintains a senior unsecured investment grade credit rating, by a letter of credit or other liquid security in a form and amount satisfactory to the City, or by a combination of the above.

For Proposers that are not rated by at least one rating agency, credit requirements will be determined by the City using industry standard measurements in a form and in an amount mutually agreeable to the parties.

1.5 Not an Offer

This RFP is not an offer to purchase solar energy and associated RECs but a general solicitation that may or may not result in the execution of a definitive agreement. The City reserves the right to reject any or all Proposals and to increase or decrease the total quantity of solar energy and RECs to be purchased.

1.6 Term

The City is seeking Proposals for the design, construction, operation and maintenance of a Solar generation facility with an accompanying Power Purchase Agreement under which the City or its designee will purchase one hundred percent (100%) of the facility output for a 20 year term, commencing no later June 1, 2010.

1.7 RFP Process

Potential Proposers may submit questions regarding this RFP in **writing** to:

Phil Golembiewski, P.E.
City Engineer
General Services Department
Philip.Golembiewski@cityofhouston.net

Ten hard copies and a Compact Disc (CD) shall be **submitted to the City Secretary** of the City of Houston, City Hall Annex, Public Level, 900 Bagby Street, Houston, TX 77002, at or before 2:00 p.m., local time, Monday, November 3, 2008. Late submittals will not be accepted for any reason. All submittals must be labeled on the outside with Proposer's name and name of the Project.

The City will select a shortlist of Proposers and may choose to interview them. Selection of

the chosen Proposer will take place over several weeks, during which time the City will issue draft contracts to the short listed Proposers. Proposers may be requested to revise their Proposals during this period.

Contract discussions and negotiations are expected to be finalized by January 12, 2008 with a presentation to City Council for approval immediately thereafter.

1.8 Schedule

Event	Date/Time
Public Notice of RFP	October 10, 2008
Deadline for Intent to Submit a Proposal	
Pre- Submittal Conference	October 21, 2008
Deadline for Questions about RFP	October 23, 2008
Proposal Submission Deadline	November 3, 2008
Shortlist & Negotiation of Agreement	December 8 , 2008 – January 12, 2009
Execution of Agreement	

1.9 Evaluation Criteria

The City, in its sole discretion, will evaluate each Proposal using both quantitative and qualitative factors to determine the total potential benefit to the City. The price of the solar energy will be important criterion in the evaluation. The City will also consider other factors including, but not limited to, the ability of the Proposer to insulate the City from congestion risk, the ability of the Proposer to guarantee a minimum level of solar energy production, the developer's experience in developing solar farms, and the financial strength of the Proposer.

1.10 Confidentiality

The City will hold all Proposals confidential to the extent allowable by law. Proposers should be aware that at the completion of the selection process the contents of their Proposals are subject to the provisions of the Texas Public Information Act and may be made public. CONFIDENTIAL or SENSITIVE information should be marked as such.

2. Proposal Information

Each Proposal should contain the following sections and the contents as described below.

Section 1 – Executive Summary

Proposals should contain an Executive Summary section that provides an overall description of the Proposal, including key features. It should include a general description of the location, equipment, interconnection, business arrangement and financing of the solar resources.

Section 2 – Project Development Experience

The **Project Description Development Experience** should include, at a minimum, the following information:

- Existing (or planned) solar facilities, designed, built and operated by firm
- Date of commissioning or expected Date of Commissioning of such facilities
- Impact of any local congestion issues on plant dispatch and description of any planned upgrades to the local transmission system in the future, with reference to applicable ERCOT studies.
- Description of equipment, including details of the technology to be used Including generation capacity
- Description of business structure

Additional Project Description Information for New Generation Projects

- Description of previous project management team experience in bringing similar projects to completion
- Outline of intended project financing structure

Section 3 – Anticipated Energy Production

Due to the structure of the City's retail electricity contract with the GLO, Proposers will enter into a Power Purchase Agreement for all energy and associated RECs produced from the solar farm with the GLO or its successor for the benefit of the City. Proposers should supply sufficient information to determine the expected amount of solar energy that will be produced over the term of the proposed contract broken down to reflect seasonal variations and equipment degradation. Proposers shall submit the following information:

- A probability distribution of energy production;
- Maintenance schedules etc.;
- Proposed scheduling process, including QSE interface;
- Current, or intended, operational control processes, including SCADA performance; and

Section 4 – Delivery Terms

The Proposer will assume all responsibility for the scheduling and dispatch of the energy and associated RECs produced to the point of interconnection into the Centerpoint Transmission and Distribution system. The Obligations of Proposer and the GLO or its successor will not be the subject of this RFP.

The City will bear responsibility for that volume of power which is delivered to its facilities according to metering. Upon delivery, full title to the power and RECs will be transferred to the City .

Section 5 – Pricing & Term

Proposals should include detailed pricing information for a 20 year term, commencing no later than **June 1, 2010**. Creative pricing proposals are encouraged that will insulate the City from variable energy production risk and congestion risk.

Section 6 - Corporate/Financial Information

Proposers are required to provide information attesting to the Corporate and Financial

capabilities of the company, along with a detailed description of the renewable solar facility(s) proposed to serve the Products described above. At a minimum, the City requires the information outlined below; note, where the response proposes to provide power which is sourced through an offtake agreement(s) from a portfolio of solar generation sources, the information below will be required for each facility. In the event that the Proposer is offering to supply power which is matched by an equivalent offtake arrangement(s) from designated third-party solar energy resources, the Proposer will be required to demonstrate that these arrangements facilitate the delivery of the contract volume as per the terms of the response. Note the City does not require information on any commercial terms; the City is primarily interested in verifying that the proposed contract delivery is matched by appropriate offtake terms.

- Information on corporate history, business organization, financial structure and any other information which the Proposer deems appropriate to demonstrate its corporate capability to perform its obligations under the proposed deal structure;
- Details of experience in the ERCOT market;
- At least one contact (name and phone number) for each power supply venture (for reference purposes);
- Description of any past, current or proposed litigation concerning power supply agreements; the proposed energy supply project; and/or Proposer's ability to supply power under the proposed PPA;
- Separate descriptions, as appropriate, for each member if there is a consortium or partnership of two or more firms and the relationship between entities for this Proposal;
- Current annual report for each Proposer (if annual report is not available, a listing of assets, liabilities and cash flow must be provided); and
- Description of Project Financing.

3. Proposer Pays Own Cost

This RFP does not commit the City to pay any cost incurred by the Proposer in the preparation and formation of a Proposal in response to this RFP, or to procure or contract for any products or services. In no event is the City responsible for cost or expenses of any Proposer incurred in connection with this RFP.

4. Only Executed Agreements are Binding on the City

The City reserves the right to modify or withdraw this RFP, to negotiate with any qualified Proposer to resolve technical or contractual specifications, to reject any or all Proposals, and to terminate negotiations at any time. A Proposal is deemed accepted by the City only when a PPA has been fully executed by the parties.